

February 10, 2025

Honorable John G. Koeltl
Daniel Patrick Moynihan
United States Courthouse, Courtroom 14A
500 Pearl Street, New York, NY 10007

Dear Judge Koeltl,

I'm writing this letter to share with you my overall experience with Celsius Network and also Alex Mashinsky from the perspective of a customer that watched the weekly AMAs (Ask Me Anything) and was a user of the Celsius Network platform.

I first met Alex Mashinsky in March 2019 at an event called Crypto Castle in New York City where he outlined his vision for Celsius Network. After hearing his vision and his plan for Celsius Network, I thought to myself this is a game-changer and will upend the current banking system, because no one in the history of mankind has ever said to themselves I'm going to return up to 80% of the revenue to my community. I walked away from that meeting thinking this is going to be the biggest cryptocurrency project in the history of crypto, because so many everyday people that work paycheck to paycheck can't afford groceries or have money to pay rent because they have no idea how the system works and they're fighting the silent tax of

inflation, unbeknownst to them. So here you have Alex Mashinsky building a company that all you have to do is deposit your cryptocurrency and Celsius will do the rest in terms of having your money work for you while you work for your money. I spent the next six months researching everything I could find out about Alex Mashinsky and Celsius Network before I started depositing funds onto the Celsius Network platform.

One of the things Alex Mashinsky always said is that he pays the weekly rewards on Mondays because after a long workweek and then you have the weekend off, the last thing you want to do is go back to work on Monday, but he thought if you woke up to having your weekly rewards on Monday morning, that would both motivate and get you through the upcoming week.

On the weekly AMAs, Alex Mashinsky always used to encourage us, and always tell us to take a loan and pay off your high credit card bills, pay down your debt; he would say to us, "Many of you made a 5,000% return on CEL token, rebalance your portfolio, sell some of that CEL token and pay off your high-interest credit cards; take a loan against your Bitcoin and pay your taxes, but do not under any circumstances take a loan against

your cryptoassets to buy more CEL token or buy more crypto or Bitcoin, and if we see you doing that, we are going to prevent you from taking further loans.” CEOs with malicious intent don’t give advice like this on a weekly basis live on YouTube to their community. No human being designs a company like Celsius Network in order to commit fraud and steal users’ funds, the mind simply doesn’t work like that; and as we have seen, the government never charged Alex Mashinsky with stealing users’ funds because he never stole users’ funds.

Alex Mashinsky said, with the founding of Celsius Network, the purpose of the company was to help the everyday person by utilizing the blockchain and cryptocurrencies, by sharing up to 80% of the revenue with Celsius Network’s users. All Alex Mashinsky was trying to do was help the everyday person fight inflation and show them how to get ahead in this debt-based monetary system, which involved weekly AMAs, which were like weekly financial classes from a professor at an Ivy League university taught by Alex Mashinsky, which entailed how to manage your money and how to make your money work for you as opposed to you always working for your money and living paycheck to paycheck, how to use Celsius to pay down your debt. In other words, Alex Mashinsky peeled back the onion and

showed us how the entire financial system works and how to keep pace with inflation on those weekly YouTube AMAs, which was like a godsend for me personally.

When you're the CEO of a company the size of Celsius, which at its peak had \$30 billion of AUM (assets under management), it is very hard to know every single thing that's happening in the company; you have to delegate things to other executives and employees within the company. And sadly, as we now know, many of those high-ranking executives and employees did some very bad things behind Alex's back that were not in the best interest of the company and its users. I'm not going to get into all the nefarious things Alex's partners and executives did because that's for the Court to sort out, but I will say that all the money belonging to Celsius's customers was and is there when the company filed for chapter 11; it's just that the assets that Celsius had were undervalued at the time and outside influencers spread lies that Celsius was a Ponzi scheme, which triggered a "bank run," which forced Celsius to file for chapter 11, with the deciding factor for filing chapter 11 being Tether liquidating Celsius's 55,000 Bitcoin collateral without giving Celsius the contractual time frame agreed to in the contract between Tether and Celsius to answer the margin call and add

more collateral, which Celsius had. Celsius simply had a liquidity issue and needed the time allotted in the contract to move assets around to answer the Tether margin call, which Tether didn't give Celsius that contractual time frame and liquidated their collateral, which we now know Tether simply kept the collateral, which is illegal, knowing that Bitcoin's price will skyrocket soon to over \$100,000, which is exactly what Bitcoin did.

Long story short, no one with any integrity ever accused Alex Mashinsky of stealing customer funds or trying to steal customer funds to this day, including the US government. The US government didn't accuse Alex of stealing customer funds because it is simply not true. We, the creditors of Celsius, are getting back 105% or more of the funds that we had on Celsius as of the July 13, 2022 petition date, which is extremely good for a company that filed chapter 11 bankruptcy. In most companies that file chapter 11 bankruptcy, the creditors end up getting back pennies on the dollar; in this case, Celsius creditors are going to get back at minimum 105% of the money they had on Celsius as of the July 13, 2022 petition date.

Alex Mashinsky is one of the greatest innovators of our time. Alex has over 50 patents, was instrumental in the invention of VOIP (voice over internet protocol) — which is the technology behind Facebook, whatsapp, FaceTime audio/video calls, Skype, YouTube, Twitter/X, etc. — and was on his way to inventing MOIP (money over internet protocol). That doesn't strike me as someone that is in the business of stealing from his customers; in fact, to the contrary, Alex Mashinsky was showing his customers how to achieve financial freedom.

From what I've seen publicly, Alex Mashinsky pled guilty to two charges, the first of which is posting something on Twitter (now known as X) that he thought was true because his lawyer Roni Cohen-Pavon told him it's imminent, but Alex later found out it wasn't true and instead of saying this is not true, he deleted the message on X. The second thing he pled guilty to, from my understanding, was putting a "rest order" on a crypto exchange for \$0.10 when CEL token was at \$0.03 because he didn't think CEL token would hit \$0.10 and the trade later cleared, unbeknownst to him. CEL hit \$0.10 and the trade cleared, somebody asked him about it and he said he didn't know anything about it and that he didn't sell any CEL tokens, not

remembering that he put \$44,000 worth of CEL tokens to be sold on an exchange.

From my understanding, these two things are what we are talking about to which the government wants your Honor to give Alex Mashinsky up to 30 years in prison. We are not talking about a man who stole \$4 billion of customer funds and ran off with it to some non-extradition country, which he could have done since he held the private keys for all of Celsius Network; even the government would admit that Alex Mashinsky didn't steal one penny of customer funds. The government is charging Alex Mashinsky with those two mistakes he made because he was the CEO of Celsius, and in their view, since the White House at the time had an anti-crypto policy, Alex Mashinsky should be imprisoned for decades so that no other person will touch crypto or show people how to achieve financial freedom. This man has never gotten into any trouble with the law before in his 59 years on earth, this is his first offense, what's known as a first-time offender. It's not like Alex Mashinsky is a recidivist that constantly gets in trouble with the law. I hope that your Honor takes all of this into account at sentencing.

As I said previously, all Alex Mashinsky was trying to do was help the everyday person fight inflation and show them how to get ahead in this debt-based monetary system and show them a way to get to financial freedom, which involved weekly AMAs on how to manage your money and how to make your money work for you as opposed to you always working for your money and living paycheck to paycheck, which is how the system was designed. And, of course, each AMA video would come with the warning “this is not financial advice.”

Other creditors will write letters telling you how Alex Mashinsky destroyed their lives because he stole all of their money, yet you yourself, your Honor, know that’s a blatant lie because the government didn’t charge Alex Mashinsky with stealing customer funds and no user funds are missing or were embezzled. If not for the illegal liquidation of Celsius’s 55,000 Bitcoin collateral by Tether, we wouldn’t be sitting here right now. Celsius Network is suing Tether as we speak to get those 55,000 Bitcoin back based on the illegal liquidating that Tether did that forced Celsius to file bankruptcy. For completeness sake, 55,000 Bitcoin at the time of the July 13, 2022 chapter 11 filing was worth about \$1.1 billion, with one Bitcoin worth about \$20,000; and 55,000 Bitcoin today is worth about \$5.5 billion, with one

Bitcoin valued at \$100,000. The hole in Celsius's balance sheet was \$1.2 billion.

In closing, I would just like to say Alex Mashinsky is one of the best human beings I have ever met and dealt with in my life, he is a family man who always had his wife and kids on the weekly AMAs, he never stole any money from me or anyone else, which is very significant to me and where I draw a red line. I myself deposited around \$300,000 into Celsius Network, and as of the petition date, my Celsius claim was worth about \$1.6 million. Alex was very dedicated to Celsius and its users and worked tirelessly to build the company from \$50 million of AUM to \$30 billion of AUM in under four years, which is a remarkable feat. And finally, Alex's track record of building companies as an entrepreneur is simply amazing and I was hoping that Celsius would end up being his biggest success to date, but his own team undermined him and helped to destroy the company from within.

Regards,

Otis Davis | Celsius Network Creditor